

## Message Text

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PAGE 01 BRUSSE 00967 01 OF 02 311931Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03  
CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 /087 W  
-----311945Z 126824 /45

R 311721Z JAN 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 8960  
INFO AMEMBASSY BONN  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
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AMEMBASSY STOCKHOLM  
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LIMITED OFFICIAL USE SECTION 1 OF 2 BRUSSELS 0967

E.O. 11652: N/A  
TAGS: BE, PINT  
SUBJECT: THE TINDEMANS GOVERNMENT - CAN IT LAST THROUGH SPRING?

SUMMARY: THE 33-MONTH-OLD GOVERNMENT OF LEO TINDEMANS IS  
LABORING THROUGH A HARD WINTER AND FACING A DIFFICULT SPRING.  
BESET BY DISCORD AND INTRACTABLE PROBLEMS OF GOVERNMENT,  
IT MAY FALL. THE CHIEF PITFALLS AHEAD ARE: (1) A GROSSLY  
UNBALANCED 1977 BUDGET WHICH MAY HAVE TO BE TRIMMED IN  
FEBRUARY IN A MANNER CERTAIN TO STIR ANGRY PROTEST, AND  
(2) A THREATENED IMPASSE IN THE EFFORT TO NEGOTIATE AN  
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PAGE 02 BRUSSE 00967 01 OF 02 311931Z

ALL-PARTY AGREEMENT ON THE RE-STRUCTURING OF THE BELGIAN  
STATE INTO AUTONOMOUS LINGUISTIC COMMUNITIES. THE  
"COMMUNITIES QUESTION" IS LIKELY TO COME TO A HEAD  
IN MARCH. TINDEMANS' COALITION IS FRAGILE, AND HE IS  
PERSONALLY WEARY OF THE EFFORT TO HOLD IT TOGETHER.  
BUT IT HAPPENS THAT EVERY SIGNIFICANT ELEMENT IN THE BELGIAN  
POLITICAL EQUATION HAS LITTLE TO GAIN NOW AND SOMETHING

TO LOSE FROM THE EARLY FALL OF THE GOVERNMENT.  
SO THE TINDEMANS COALITION MAY BE CONDEMNED TO SURVIVE  
AND SUCCEED. END SUMMARY.

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1. THE FRAGILE TINDEMANS COALITION, WRACKED BY DISCORD  
AND BESET BY UNSOLVED PROBLEMS OF GOVERNMENT, IS  
STRUGGLING FOR ITS LIFE THIS WINTER. SOME OF ITS  
MEMBERS - POSSIBLY INCLUDING PRIME MINISTER TINDEMANS -  
DO NOT THINK THE PATIENT IS WORTH SAVING. BUT THERE  
ARE POWERFUL ELEMENTS IN THIS NEARLY THREE-YEAR-OLD  
GOVERNMENT DETERMINED TO KEEP IT ALIVE EVEN UNTO EXPIRATION  
OF ITS CONSTITUTIONAL MANDATE IN MAY, 1978. THEY MAY  
HAVE THEIR WAY, SINCE, IF IT IS TO FALL, THE TINDEMANS  
COALITION IS ALL PROBABILITY WILL HAVE TO DESTROY ITSELF.  
THE OPPOSITION, LED BY THE SOCIALIST PARTY, DISPOSES OF  
NEITHER THE WILL NOR THE MEANS TO BRING DOWN THE  
GOVERNMENT IN THE NEAR FUTURE.

2. OBJECTIVE PROBLEMS WHICH THREATEN THE GOVERNMENT  
ARE TWO- A STUBBORNLY PERSISTING ECONOMIC SLUMP AND  
THE ATTEMPT OF BELGIAN POLITICAL PARTIES TO DRAFT A  
BLUEPRINT FOR TURNING BELGIUM INTO A FEDERAL STATE  
BASED ON TWO LINGUISTIC COMMUNITIES. THE ISSUES RAISED  
BY THE RECESSION (THE POLITICALLY MOST SENSITIVE BEING  
A 6.5 PERCENT UNEMPLOYMENT RATE AND A PROSPECTIVE 1977  
NATIONAL BUDGET GROSSLY OUT OF BALANCE) WILL PRESENT THE  
GOVERNMENT WITH A MOMENT OF TRUCE IN FEBRUARY WHEN  
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PAGE 03 BRUSSE 00967 01 OF 02 311931Z

PARLIAMENTARY CONSIDERATION OF THE BUDGET COMES TO A HEAD.

3. THE FACTS AND FIGURES WHICH CONSTITUTE THE BUDGET  
"CRISIS" ARE AS FOLLOWS. LAST AUTUMN THE GOVERNMENT,  
ANTICIPATING AN UPTURN OF THE STAGNANT BELGIAN ECONOMY  
IN LATE 1976 AND 1977, PROTECTED A 1977 CALENDAR-YEAR  
OPERATING BUDGET BALANCED AT 837 BILLION FRANCS (ABOUT  
\$22.5 BILLION). THE HOPED-FOR UPTURN HAS SO FAR BEEN  
BARELY PERCEPTIBLE. PRICE INFLATION IS DOWN TO AN ANNUAL RATE  
OF ABOUT 7.5 PERCENT AS COMPARED TO 11 PERCENT A YEAR AGO,  
BUT FIGURES ON BUSINESS ACTIVITY AND INDUSTRIAL OUTPUT HAVE  
BEEN DISAPPOINTING. (THE CURRENT OFFICIAL PROJECTION OF GNP  
GROWTH IN 1977 IS LESS THAN 2 PERCENT.) UNEMPLOYMENT ROSE TO  
A RECORD POSTWAR HIGH OF 260,000 AT THE TURN OF THE YEAR,  
REPRESENTING 6.5 PERCENT OF THE TOTAL WORK FORCE AND  
9.8 PERCENT OF THOSE COVERED BY UNEMPLOYMENT INSURANCE.

4. THE EFFECT OF THESE DEVELOPMENTS ON THE BUDGET  
HAS BEEN TO SLASH CURRENT ESTIMATES OF RECEIPTS IN 1977

TO 800 MILLION FRANCS OR LESS AND TO BOOST ESTIMATED EXPENDITURES (CHIEFLY RISE IN UNEMPLOYMENT INSURANCE

PAYMENTS AND OTHER WELFARE CATEGORIES) TO MORE THAN 850 MILLION FRANCS. THE PRESENTLY FORESEEABLE OPERATING DEFICIT IN 1977 THUS MAY BE 50-60 BILLION FRANCS, I.E., ROUGHLY THE SAME AS 1976 AND MORE THAN THE BELGIAN MONEY MARKET CAN CONTINUE TO SAFELY BEAR, IN THE JUDGMENT OF TINDEMANS' ECONOMIC ADVISERS.

5. ON FEBRUARY 12-13 TINDEMANS AND HIS KEY MINISTERS AND ADVISERS ARE SCHEDULED TO PERFORM PAINFUL SURGERY ON THE BUDGET. THE CUTS DECIDED UPON WILL INEVITABLY INVOLVE THE NATION'S GENEROUS SYSTEM OF ALLOWANCES, SUBSIDIES AND COMPENSATIONS FROM WHICH VIRTUALLY EVERY HOUSEHOLD IN THE COUNTRY BENEFITS IN SOME FASHION. LABOR UNIONS AND INTEREST GROUPS PARTICULARLY AFFECTED LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 00967 01 OF 02 311931Z

BY THE RECESSION ARE ALREADY GIRDING FOR MASSIVE PROTEST AGAINST THE PREDICTED AUSTERITY CUTS. EVEN TINDEMANS' OPTIMISTIC CHRISTIAN PARTY (CVP) MANAGERS CONCEDE THAT FEBRUARY WILL BE A ROUGH MONTH FOR THE GOVERNMENT. THEY COUNT ON TWO FACTORS TO SEE IT THROUGH: (1) THE RELUCTANCE OF ANY COALITION PARTNER TO BEAR THE ONUS, IN THE NATIONAL ELECTION CAMPAIGN WHICH WOULD QUICKLY ENSUE, FOR BRINGING THE GOVERNMENT DOWN, AND (2) THE PERSONAL POPULARITY, EXCEEDING THAT OF HIS OWN PARTY AND ANY OTHER CURRENT POLITICIAN, ENJOYED BY TINDEMANS THROUGHOUT THE COUNTRY.

6. THE GOVERNMENT'S STABILITY IS REINFORCED BY A NEGATIVE FACTOR ARISING FROM THE CURRENT UNDERTAKING TO REORGANIZE THE BELGIAN STATE ALONG FEDERAL LINES. WHEN AND IF A BLUEPRINT TO "FEDERALIZE" BELGIUM IS AGREED UPON, IT MUST BE EXPRESSED IN A SET OF CONSTITUTIONAL AMENDMENTS. THIS REQUIRES DISSOLUTION OF THE PARLIAMENT WHICH FORMULATES THE AMENDMENTS AND ELECTION OF A NEW PARLIAMENT TO ENACT THE CONSTITUTIONAL CHANGES, - IN EFFECT A CONSTITUTIONAL REFERENDUM. THE PRACTICAL IMPLICATION OF THE PROCEDURE IS THIS: IF THE BELGIAN STATE IS TO BE RE-STRUCTURED DURING THIS DECADE (AS EVERYONE AGREES IT SHOULD), THE PRESENT PARLIAMENT MUST DRAW UP THE PLAN AND THE NEXT PARLIAMENT ENACT IT. IF THE TINDEMANS COALITION BREAKS DOWN WITHOUT RESOLVING THE "COMMUNITIES" IMPASSE, CONSTITUTIONAL REFORM WILL REcede INTO THE 1980'S. THOSE SEEN BY VOTERS AS RESPONSIBLE FOR THAT DISAPPOINTMENT COULD EXPECT STERN RETRIBUTION AT THE POLLS.

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PAGE 01 BRUSSE 00967 02 OF 02 311918Z  
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LIMITED OFFICIAL USE SECTION 2 OF 2 BRUSSELS 0967

7. THUS THE ALL-PARTY "DIALOGUE" ON CONSTITUTIONAL REFORM, UNDER WAY SINCE LAST AUTUMN, IS MOVING TOWARD A FATEFUL CLIMAX. THE HOUR OF DECISION IS FORESEEN, IN MARCH. WEEKLY MEETINGS HAVE PRODUCED A LARGE MEASURE OF AGREEMENT ON DETAILS OF THE DIVISION OF BELGIUM INTO TWO AUTOMOMOUS REGIONS AND A NATIONAL CAPITAL POLITICALLY SEPARATE FROM EITHER. THE CRITICAL AND UNRESOLVED QUESTION IS HOW LARGE GREATER BRUSSELS IS TO BE - SPECIFICALLY, HOW MANY OF ITS 5 MILLION CITIZENS WILL SURROUNDING FLANDERS "CEDE" TO FRANCOPHONE BRUSSELS? TO ACHIEVE AGREEMENT, IT SEEMS THE NUMBER WILL HAVE TO BE

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PAGE 02 BRUSSE 00967 02 OF 02 311918Z

IN THE RANGE OF 40,000 (THE POPULATION OF FRANCOPHONE-DOMINATED BRUSSELS SUBURBS). FOR MILITANT FLEMINGS THAT WOULD BE HARD TO TAKE. FOR MILITANT FRANCOPHONES ANYTHING LESS WOULD SEEM LIKE ABANDONMENT OF ONE'S OWN.

8. IN TERMS OF COALITION POLITICS AND THE SURVIVAL OF THE TINDEMANS GOVERNMENT, THE CRUX OF THE SITUATION CAN BE EXPRESSED IN A SERIES OF NOW UNANSWERABLE QUESTIONS: WILL THE MILITANT FRANCOPHONE PARTY RASSEMBLEMENT WALLON-A SMALL BUT INDISPENSABLE ELEMENT OF THE COALITION-HOLD OUT FOR MAXIMUM FRANCOPHONE DEMANDS, EVEN TO THE POINT OF TORPEDOING THE ALL-PARTY DIALOGUE AND THE TINDEMANS GOVERNMENT? WILL THE MILITANT FLEMISH VOLKSUNIE PARTY, WHICH TINDEMANS' OWN CVP CANNOT IGNORE ON THE FEDERALIZATION ISSUE EYEWITNESS VOLKSUNIE IS IN OPPOSITION, PROVE TO BE SIMILARLY ADAMANT IN A SHOWDOWN? SHOULD IT COME TO DEADLOCK, WOULD TINDEMANS RISK HIS PRESTIGE AND MAYBE HIS POLITICAL FUTURE BY GOING OVER THE HEADS OF THE PARTIES TO THE NATION WITH HIS PERSONAL PROPOSAL FOR A SOLUTION OF THE COMMUNITIES QUESTION? ANSWERS CANNOT BE LONG DELAYED, FOR THE ISSUES ARE NOW WELL-DEFINED AND PUBLIC PATIENCE WITH CONTINUED "DIALOGUE" IS RUNNING OUT. END UNCLASSIFIED.

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9. COMMENT: THE TINDEMANS GOVERNMENT IS FRAGILE. AT BEST, IT WILL BE A CLIFF-HANGER WHETHER IT GETS THROUGH A DIFFICULT WINTER AND SPRING. THE STRONGEST REASON TO EXPECT ITS FALL IS THAT TINDEMANS IS DEAD TIRED OF HANGING ON BY CAJOLING AND THREATENING HIS COALITION MEMBERS (PARTICULARLY THE EGREGIOUS RW LEADERSHIP). HE WANTED TO THROW IN THE TOWEL LAST DECEMBER AND AT THE END OF SOME FRUSTRATING DAY IN THE WEEKS AHEAD MAY JUST DO THAT.

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PAGE 03 BRUSSE 00967 02 OF 02 311918Z

10. THE MOST COMPELLING REASON TO PREDICT SURVIVAL IS THAT NO PARTY NOW HAS ANYTHING TO GAIN FROM THE FALL OF THE PRESENT GOVERNMENT AND ALL HAVE SOMETHING TO LOSE. RW AND VOLKSUNIE - ONE-ISSUE PARTIES - KNOW THAT IT MAY BE AN ACT OF POLITICAL SUICIDE IF, BY THEIR INTRANSIGENCE, THEY MAKE CONSTITUTIONAL REFORM IMPOSSIBLE. THE OPPOSITION SOCIALIST PARTY WANTS TO GET BACK INTO GOVERNMENT - BUT NOT UNTIL ECONOMIC INDICATORS SHOW REAL SIGNS OF AN UPTURN, SINCE IT HAS NO PANACEA FOR CURRENT ECONOMIC ILLS. BESIDES, THE SOCIALISTS HAVE PRACTICAL AND PATRIOTIC REASONS TO SEE CONSTITUTIONAL REFORM FINALLY RESOLVED. THE LIBERAL PARTIES OF FLANDERS

AND WALLONIA, WEILL PLACED IN THIS GOVERNMENT, HAVE EVERY  
REASON TO SEE IT SURVIVE; NOTHING THAT MIGHT COME AFTER  
COULD BE BETTER.

11. THUS IT MAY WELL BE THAT THE 33-MONTH-OLD GOVERNMENT  
OF LEO TINDEMANS IS CONDEMNED TO SUCCEED IN SPITE OF  
ITSELF. WHEN THE TIME COES, TINDEMANS - A GOOD CHRISTIAN -  
MAY WEILL ASK FOR HIS PREMIERSHIP TO COUNT AS TIME OFF  
FORM PURGATORY.RENNER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Comment:** 25 YEAR REVIEW  
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